



## **Gambling Act 2003: Consultation on proposed changes to the minimum rate of return to authorised purposes**

### **Department of Internal Affairs**

### **The Salvation Army New Zealand Fiji and Tonga Territory Submission**

#### **BACKGROUND**

1. The Salvation Army is an international Christian and social services organisation that has worked in New Zealand for over one hundred and thirty years. The Army provides a wide-range of practical social, community and faith-based services, particularly for those who are suffering, facing injustice or those who have been forgotten and marginalised by mainstream society.
2. We have over 90 Community Ministry centres and Churches (Corps) across the nation, serving local families and communities. We are passionately committed to our communities as we aim to fulfil our mission of caring for people, transforming lives and reforming society through God in Christ by the Holy Spirit's power.<sup>1</sup>
3. The Salvation Army Oasis Centre for Problem Gambling was established in Auckland in June 1997 in response to the growing evidence that the considerable influx of gambling opportunities were having a negative social impact on society. Since then the numbers of clients seeking help for gambling related problems have increased dramatically. Consequently The Army's problem gambling treatment services have expanded to six major cities (Auckland, Hamilton, Tauranga, Wellington, Christchurch and Dunedin), with satellite clinics across the country. Oasis is funded by the Ministry of Health to provide problem gambling treatment services. The Oasis Centres offer a free outpatient service for gamblers, their families and affected others, alongside public health services, and are staffed by qualified and experienced gambling and public health practitioners.
4. This submission has been prepared by the Social Policy and Parliamentary Unit of The Salvation Army. This Unit works towards the eradication of poverty by encouraging policies and practices that strengthen the social framework of New Zealand.
5. This submission has been approved by Commissioner Robert Donaldson, the Territorial Commander of The Salvation Army New Zealand, Fiji and Tonga Territory.

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<sup>1</sup> <http://www.salvationarmy.org.nz/our-community/mission/>

## THE SALVATION ARMY PERSPECTIVE

6. The Salvation Army has persistently engaged with Government and Territorial Authorities on gambling policy, legislation and practice. As a provider of services to those affected by gambling harm, The Salvation Army sees the significant and detrimental effects that problem gambling has on the wellbeing of whanau and communities around New Zealand. We submit that any gambling policy reviews or reforms should make harm reduction a key focus.
7. The Salvation Army is particularly concerned with the proliferation of Class 4 gaming machines, as these machines have been shown to induce the most harm. Class 4 gaming machines are also known as electronic gaming machines or pokies. The literature advocates for a number of practices to minimise and prevent problem gambling - one of the most effective and successful strategies involves limiting access to Class 4 gaming machines.
8. The Salvation Army has maintained a consistent “sinking lid” policy position in relation to Class 4 gaming machines, which aims to reduce the number of venues and machines over time.

## SPECIFIC RESPONSES

### *“Sector survival”*

9. The Salvation Army acknowledges that this consultation is primarily directed at the class 4 gambling sector. This is evident particularly in the Department’s questions at the end of the document relating to the likely ‘cost impacts’ of the changes to jackpot machines and banknote acceptors.
10. However, the Salvation Army has chosen to submit on this consultation to emphasise our position that the increasing emphasis on consultation primarily with the class 4 gambling sector and its financial viability is fundamentally at odds with the aims of the Gambling Act 2003. These include *controlling the growth of gambling* and *preventing and minimising harm from gambling, including problem gambling*.
11. We appreciate that the consultation is designed to give effect to section 373 of the Gambling Act 2003, which requires that, before Regulations are made, persons and organisations that are likely to be substantially affected by the Regulations must be consulted and given a reasonable opportunity to respond.
12. However, it is our view that such consultations must always remain connected to the primary aims of the Gambling Act, which includes controlling, rather than supporting, the growth of gambling venues, and preventing and minimising harm.
13. It is noted by The Salvation Army that The Department has consulted extensively with Class 4 societies on proposed increases in gambling fees earlier this year, both in a submission

process and in direct engagement through meetings with the 'Class 4 working party (appointed by the sector to engage with the Department on the fee proposals)'.

14. The impetus for this consultation appears to be a concern by Cabinet that whilst the Class 4 gambling sector remains 'the largest gambling sector in New Zealand, the sector is in a steady decline; regulated under a regime that is complex and therefore costly; and under increasing pressure to maintain funding streams for community purposes, financially support the necessary level of regulation, and absorb other costs'.<sup>2</sup>
15. The Salvation Army believes that making the Class 4 gambling sector's survival a priority in such a way fails to acknowledge the significant social and health costs of gambling. Other industries, such as the tobacco industry, have also faced decline in New Zealand, but have not been met with the same concern and desire to bolster their survival because it has been largely accepted that the health of our communities is more desirable than the profit of this industry.

### ***Maintaining Community funding***

16. The Salvation Army is also aware of the difficult tension here where positive social and community initiatives are being funded by detrimental activities like problem gambling. There is a culture of dependency wherein iwi and community groups are to some degree dependent on the survival of the Class 4 gaming sector and societies' abilities to meet their minimum rates of returns.
17. It is concerning to the Salvation Army that this inherent conflict is not acknowledged in the consultation document or in the wider review that is taking place.
18. The Salvation Army advocates for alternative funding streams to be improved in order that community groups are not dependent on this source.

### ***Response to minimum rate of return options***

19. The Salvation Army maintains its position that the current model of community funding reliance on Class 4 gaming societies is inherently problematic.
20. However, under the current model, The Salvation Army submits that our communities need more, not less, support. The Salvation Army is concerned at the lobbying power of the Class 4 Gaming sector and its ability to continually delay the increase in rates of return to the community.
21. Under the current model The Salvation Army supports **Option One**, of keeping the increase to 42% by 2018. As noted above in the consultation, 40% is actually *below* the current

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<sup>2</sup> Cabinet Office Minute "Gambling Act 2003: Review of the Regulatory Regime for Class 4 Gambling" CAB-15-MIN-0074.

average rate of return. We also advocate that the Department examine the possibility for further future increases in 2016.

22. It is acknowledged that the Department has identified a risk under Option One of returns to the community declining if societies choose to remove their machines from low-Gaming Machine Proceed venues in order to meet the minimum rate of return.
23. However, as also identified by the Department, the precise loss in community funding depends on how many venues are picked up by other societies and the extent to which patronage moves to other venues. Currently the majority of societies are able to achieve the required rates of return. Societies should be encouraged further to manage their costs more effectively to ensure that they meet their minimum rates of return.
24. In the event that community funding *is* affected and drops, The Salvation Army would support Option Two in the short-term. However The Salvation Army believes that it is not currently clear enough what the impacts of maintaining the status quo would be to justify delaying the rate of return increase.

## **CONCLUSION**

25. The Salvation Army thanks the Department for the opportunity to submit on this consultation. Our hope is that such consultations do not become too narrow in focus and only concentrate on the financial impacts of such policies for the Class 4 Gaming Sector, but also take a holistic view of the social and health priorities of our families and communities in New Zealand.